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Port of Anchorage Commission Meeting

Date: June 20, 2018

Time: 12:00 – 13:34 pm

Location: Port Commission Chambers

Present	Port Commissioners:	Brad Kroon, Chair; Bob Pawlowski, Vice Chair; Moire Duggan; Stephanie Kesler; Andrew MacLeod; Aves Thompson
	Staff:	Steve Ribuffo, Port Director; Sharen Walsh, Deputy Port Director; Cheryl Beckham, Director of Finance; Stuart Greydanus, Port Operations Director; Diane Bickford, Executive Assistant; Paul Rotkis, Port Safety Coordinator
	Guests:	Monique Cortez, Matson Safety Environmental Quality; Bart Buessler, NOAA Coast Survey; Penelope Goforth, SeaCat Exploration
Absent	Port Commissioners:	Simon Lisiecki
	Staff:	Todd Cowles, Port Engineer; Jim Jager, Director of External Affairs

I. The meeting was called to order at 12:00 pm

A. Roll Call of Port Commissioners

B. Self-introduction by those present

Mr. Ribuffo noted that Mr. Cowles and Mr. Jager would not be attending the meeting due to other commitments.

II. Safety Minute (Paul Rotkis)

Mr. Rotkis discussed the proper use of bear spray.

Commissioner Pawlowski joined the meeting at 12:07pm.

III. Approval of Agenda

A. Commissioner Kessler moved to approve the Agenda as submitted; seconded by Commissioner MacLeod.

B. The Agenda was approved unanimously as presented.

IV. Approval of Minutes of April 25, 2018

A. Commissioner Kesler moved to approve the minutes of April 25, 2018 as presented; seconded by Commissioner MacLeod. There being no discussion or additions, the minutes were approved as submitted.

V. Public Comments

Ms. Goforth informed the group that she had been in the archive storeroom before the meeting and everything is in boxes and she would work with Ms. Schaf to get the boxes labeled and moved back to the Marine Library. Today she would put the portfolios into archival boxes, completing this phase of the project. She said in a couple months she would like to talk to the group about the next phase, organizing the Port photographs.

Ms. Goforth said she was told by the Historical Society that all of the newspaper morgues from both daily newspapers were purchased by McClatchy when they consolidated years ago. The entire archive, including all negatives and photographs, was sent to a company in Alabama to be digitized. That company went out of business and all of that history, all the pictures of Anchorage from the 1940's to current, are in

Alabama until someone pays to bring them back. The Binkley family is aware of this but they say it won't happen anytime soon. She said everything in the Port's photographs are doubly precious because this is the only collection left in Alaska and hopefully we can pull together some other sources of funds to preserve and conserve it.

VI. Port Director's Comments

Port of Alaska Tariff 8.2: Mr. Ribuffo said the updated Tariff Section 1 was approved by the Assembly and the full document is posted on the Port website while electronic copies were sent to all Port users.

He said the Port will be looking at Section 2 of the Tariff for two different reasons. First, it's one year from the scheduled five-year review of the rates.

Step two is to look at the Preferential User Agreements to help us decide whether or not it's an outdated way of doing business and the way to affect any Port user related contributions to the cost of construction. The Port is carrying \$40 million worth of debt from the old Expansion Program and we need to decide when is the best time to start paying that off. Is it now or is it once we have a plan of finance for the whole project and incorporate the payoff into that solution. Mr. Wilks is also looking at that.

The Municipality as a whole has put out a Request For Proposal to find a company with Port-related financial management expertise to help the City build a Plan of Finance for the Port's project. The selection committee chose Capstan Consulting LLC of Annapolis, Maryland. We gave them a ninety-day timeframe to complete the work. We will get a report and recommendation by mid-October

Commissioner Kesler said she would be interested in the financing structure.

Commissioner Pawlowski said one thing he had picked up attending the Assembly meeting was that Tariff adjustments are going to be a public nuisance issue because of the change in prices on commodities and how you deal with media coverage in addition to the Port users and all the population. He asked how the Port saw an open communication process helping. Mr. Ribuffo said Capstan Consulting is going to help us craft the message and put it in a context that people will understand;

Commissioner Kroon asked if the PUAs were five-year documents. Mr. Ribuffo said they are ten-year documents and expire on different dates. Commissioner Pawlowski asked, as we have that hard conversation, as we look at financing, how does debt service affect MESA and can it be reduced. Mr. Ribuffo said no. Relief from the MESA would certainly make the Port's ability to contribute a lot easier, but no.

Port Modernization Program: Mr. Ribuffo pointed out a Gantt chart he had put up covering the next three years of the Modernization Program. He said the chart is through completion of the Petroleum & Cement Terminal and all activities leading up to it, the South Backlands Stabilization, the Transitional Dredging and the work going on land-side.

Commissioner Pawlowski asked if the steel needed would be produced in the United States, referencing the proposed 25% tariff. Mr. Ribuffo said it's the contractor's job to shop the market and see where we get the lowest price.

Mr. Ribuffo said the only other thing he wanted to add was that the last couple of weeks and through the end of the month we have been experiencing some pretty significant low tides between 3:30 and 6:30 in the afternoon. Such a negative tide exposes most of the accelerated low-water corrosion affecting the dock; you can see it, you can touch it and you can feel it and that's the right time to show people the point of of this project. We have had a steady stream of Legislators who accepted an invitation

we put out at the close of Session inviting them to the Port for a trip under the dock. We've gotten a surprising turnout, not only Legislators but staffers.

Commissioner Duggan asked if there was a timeframe when the \$20 million grant needs to be spent. Ms. Beckham said we'll get notification from the State that the grants are going to expire and asking if we have them spent and if not, when do you plan on spending them, and we can request an extension. In April they'll send a notice saying all the extensions have been granted to June 30th of the next year. We've requested that everything we currently have on the books be extended and it's been approved. Ms. Beckham said when we've talked to OMB the State has never not extended the grants.

Commissioner Duggan said she had received a phone call the evening before from someone doing a public policy poll. She said she wondered if the Port is paying for such a poll because she was asked several questions about the Port of Alaska, her impressions of Matson and TOTE and some very specific questions. Mr. Ribuffo said no, the Port is not paying for a survey.

VII. Informational Items

A. Deputy Director - Sharen Walsh

- Ms. Walsh said a year and a half ago the Port applied for an INFRA grant for the Petroleum & Cement Terminal. The new administration didn't act on those applications until six to eight weeks ago and, while we were not selected, we feel we made a good effort.
- The Port applied for a State Ports and Harbors Grant to help relocate the South Float as part of the Modernization Project and we scored very well. She said Tier 1 ports are those that used to belong to the State that have turned over to local jurisdictions and Tier 2 ports are those that never belonged to the State. There were seven or eight Tier 2 projects selected and we were number four on the list; however, only one port, Sitka, received funding. The next application period starts August 1 for the next construction season. We were told to update our cover letter and the costs if necessary and resubmit our application. The state usually makes the decisions on grants toward the end of August, ports get notified in early September and the money becomes available then. Before we start the planning we go through the acceptance of a grant by the Assembly so if we're successful in any or all of these, we'll get going on the actual path about November.
- Ms. Walsh said a Port Security Grant application was submitted the past Monday. The Port applied for \$70,000 for more powerful computers at the Security Command and Control Center. If we receive the grant, that cost will come off our Operating Budget. She noted that when she quotes a number for a grant it's the project cost at 75% grant and 25% match from the Port.
- Ms. Walsh said a second grant application was to develop a cyber secure GIS application.
- Ms. Walsh said the Wharf Pile contract was awarded and signed and we're waiting for materials to arrive. That contract is to put sleeves on fifty piles and is expected to start the middle or end of July.
- She said the Fender Enhancements is a new project this year. Some fender pilings have come loose from the dock and we lost one fender last year. The contract has been awarded, materials are on order and we expect that project to start in about three weeks. The contractor will be drilling piling inside the existing

fender piling and will also chain the fenders so if they break loose they won't fall out. The contract was awarded to Swalling Construction.

- Ms. Walsh said we're finishing up some former Port Security Grants. A contract has been awarded to install lights at the North End; they're staking the final locations and should start the trenching any day. We'll also have three cameras installed there.
- We are going to install a gate at the first check point. It will be a physical gate that can be lowered to close off entry to the Port for a heightened security event or a problem on the Port or if we want to keep people from leaving the Port. That package is in Purchasing and will be out on the street this week.
- We're replacing the nine 29-years old motor-operated valves at the entrance of the Port Valve Yard. The valves arrived last week and we'll put out a project for installation.
- Ms. Walsh said on the Port's on-going GIS project, most of the data which is not sensitive we have put out onto the Municipality's data base. Our ultimate goal is total asset management where we can know when we pumped a stormdrain, when we pumped an inlet, when we inspected a stormdrain, or when we replaced a fence. We've been working on this for a couple of years and we're finally about ready to push Go. We'll do a demonstration for you once we have that ready.

B. Operations – Stuart Greydanus

- Mr. Greydanus said there have been three cruise ship port calls of the ten scheduled for this summer. They are alternating between Terminal 1 and Terminal 2 depending on whether there is a cement ship in port.
- The vessel Ocean Jazz will be in Anchorage around the 26th-28th of June. It's a Military Sealift Command chartered vessel coming from Hawaii and will discharge approximately ten pieces of equipment.
- The Evergreen State, another MSC chartered vessel, is currently at POL 1 discharging jet fuel.
- We've been working with TOTE for a number of months to get them additional acreage on the North Backlands for some extra cargo they'll be bringing in.
- The old sheet pile has been sold to three companies; the Alaska Railroad, STG, Inc. and Orion Construction to repair the Mat-Su dock. We've sold a total of 91,045 linear feet to those companies.
- Mr. Greydanus said the new PortCall software system is performing well.

C. Finance Director - Cheryl Beckham

- Ms. Beckham said she wanted to be sure everyone knew the Port had a new Accounts Receivable Clerk, Kathleen King. We're happy we were able to get that vacancy filled.
- Ms. Beckham said a large portion of her time has been spent on the 2017 books for the Municipality and the Port and that everything is still open. There are specific issues with SAP which are keeping the final trial balance from being prepared to create the 2017 financial statement. We've received no official communication about it but there are still issues with the Inter-Governmental Charges (IGC) final calculation for 2017, the General Fund charges for services and depreciation which is the Asset Management Module for the City. We're waiting for the finalization of the depreciation to be correctly run and then we can reconcile the assets. She said she didn't anticipate any problems with the Port

books. She said in the packet is a brief update of where we are YTD. There are still issues with the depreciation calculation since 2017 is not resolved, but we're assuming that it will be corrected at the time the 2017 IGC is corrected. Commissioner Kroon asked what caused the the Net Income difference of minus \$469,002.88, what is driving that from YTD. Ms. Beckham said that figure includes Depreciation and you can see that figure was added back in as a Non-Cashable item on the second line at the bottom. The Net Cash Flow is \$1,871,558.12. Because Depreciation isn't funded, we don't accommodate it in the user rates and it's added back in since we aren't required to recover it. Commissioner Pawlowski said the Non-Labor Expenses is at 46%, which reflects in the Net Income figure. He asked what it is and is it a finite contract you have. Ms. Beckham said Non-Labor is all of the Port's operating costs and is not specifically month related. The R&M contract for engineering is in there as well as any amount encumbered for other contracting. Commissioner Pawlowski said it was good to see the increased revenue in the first third of the year.

Ms. Beckham said Legal Services is one expense we separate out because it's a very specific cost to the Port. At this time we've only been invoicing for nine percent but she was sure that the cost will be at least \$3.7 million for the year as budgeted.

Ms. Beckham said we're starting to work on the 2019 budget. The schedule has been sent out by OMB so in the next two months we'll be getting ready to submit our budget.

- D. Modernization Project Update - Todd Cowles
- E. Director of External Affairs – Jim Jager

Mr. Ribuffo said he would turn the floor over to Commissioner Thompson to discuss HazMat Truck Parking, an issue that came up at the last meeting.

Old Business

- A. HazMat Truck Parking.

Commissioner Thompson said he had met with the Port staff and discussed options for truck parking. One idea put forth is to designate a specific area or areas for occasional or emergency overnight parking. Currently there's no plan for routine overnight parking so those designated areas would be used when necessary as opposed to when convenient.

He said he would like to convene a meeting of the Stakeholders at the Alaska Trucking Association office since many of them are members and ask if they can help us contribute to a solution. First we need to frame the issue and define the problem, see how big it really is, then work with the Port staff and produce a recommendation to discuss and perhaps act on at our next meeting.

Commissioner Kroon asked how many of the truckers coming to the Port are independents vs employed by local companies. Commissioner Thompson said most of them are hauling for a company whether as an independent contractor or an employee.

Mr. Ribuffo said there hasn't been another episode since the one that insitigated the conversation at the last meeting and wondered if we really have a problem. But unless we talk to the folks here who do the hiring, it would be hard to tell just how big an issue we have to deal with.

Commissioner Pawlowski asked if the Railroad had a comparable problem and if it came to a discussion of location, is it an area on Port land or on Railroad land. He said he was fully supportive of Commissioner Thompson's proposal and would like the Port to consider if the Railroad should be part of the discussion.

Commissioner Kroon said he thought for now truckers are sleeping on Port property so it's an issue for the Port. He asked Commissioner Thompson if he knew of other large-scale trucking operations outside the area where they were doing something like this; maybe there's a common solution. Commissioner Thompson said it doesn't seem to be a wide-spread problem in Alaska however truck parking is a huge issue everywhere. Trucks are parking on freeway ramps, highway exits and entries, in neighborhoods; it's a big problem.

Commissioner Thompson said his intent was to try to define the magnitude of the problem. If it's an occasional, small problem we'll deal with it in one way; if it's a much larger problem, we'll deal with it in another way. The meeting would be a good chance to get together and air the issues. Commissioner Kroon asked him to keep the Commission abreast of the issue. Commissioner Thompson said he would and that he's set a target of the next Commission meeting date. However, it might be the meeting after that by the time he got everybody together.

Mr. Ribuffo said it would be left as an agenda item until it's closed.

IX. New Business

There was none.

X. Commissioners Around the Horn

Commissioner Pawlowski reported that there had been a good meeting of the Prevention, Response, Operations and Safety (PROPS) Committee of the Cook Inlet Regional Citizens Advisory Council. The group got the chance to see their capabilities of responding to spills on land and in water. He said it was good to learn the Port is part of the partnership and that it's important to know what assets are available both to the Railroad and to the Port.

Commissioner Kroon said he was excited that Olympic Tug & Barge has a boat at the dock today and tomorrow and appreciated the Port's help with that. He said they have another ATB coming in during the next week and another one the week after that.

After a short discussion the next meeting was scheduled for August 15.

XI. Next Meeting: August 15, 2017

Commissioner Kroon adjourned the meeting.

XII. Meeting Adjourned at 1:34 pm